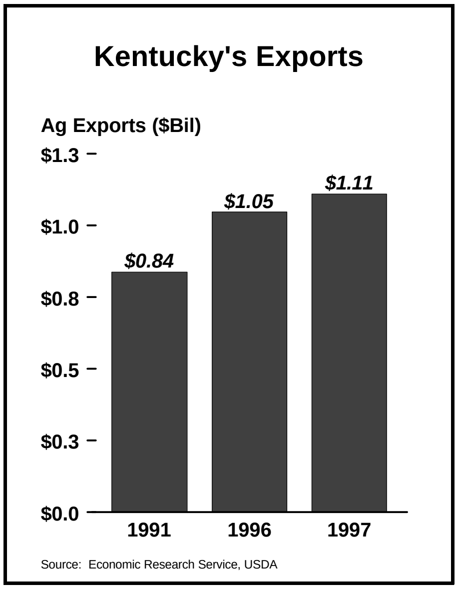
WTO and Agriculture

What's at Stake for Kentucky?

Kentucky is an important producer of agricultural products and a large exporter. In 1997, Kentucky ranked 17th among all 50 states in the value of its agricultural exports. The state's exports reached an estimated $1.1 billion, up from $840 million in 1991. These exports help boost farm prices and income, while supporting about 18,900 jobs both on the farm and off the farm in food processing, transportation and manufacturing. Exports are increasingly important to Kentucky's agricultural and state-wide economy. Measured as exports divided by farm cash receipts, the state's reliance on agricultural exports rose from 26% to 31% since 1991.

The top five agricultural exports in 1997 were:
- # tobacco leaf -- $388 million
- # live animals and red meats -- $159 million
- # feed grains and products -- $133 million
- # soybeans and products -- $174 million
- # wheat and products -- $100 million



World demand for these products is increasing, but so is competition among suppliers. If Kentucky's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *fair access* to growing global markets.

Kentucky Producers Benefit from Trade Agreements

Kentucky is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of new market opportunities for Kentucky include:

- # With one-fifth of its farm receipts coming from cattle, Kentucky benefits from the Uruguay Round with a 38% reduction in the quantity of EU beef receiving export subsidies by 2000. Japan is reducing beef tariffs from 50% to 38.5%. Korea will eliminate its beef import quota by 2001 and reduce its tariffs to 40% by 2004. The Philippines is reducing its beef tariff from 60% to 35%.

- # Under NAFTA, Mexico eliminated its 15% tariff on live slaughter animals, its 20% tariff on U.S. chilled beef, and its 25% tariff on frozen product. Its 20% tariff on beef offal will be eliminated by 2004. Due to the U.S.-Canada Free Trade Agreement, U.S. beef is now exempt from Canadian duties and volume restrictions.

- # Kentucky, the nation's 2nd largest tobacco producer, benefits under the Uruguay Round as Argentina, Brazil, Turkey and others reduce import duties. Under NAFTA, Mexico's tobacco import licensing scheme was eliminated, and all duties will be phased out.